

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BAY STATE GAS COMPANY

D.T.E. 05-27

ATTORNEY GENERAL'S FIFTEENTH SET OF
DOCUMENT AND INFORMATION REQUESTS

The following is the Attorney General's 15th SET of discovery and information requests.

- AG-15-1 The Company describes the process by which it calculated the "service or meter reading" lag of 15.29 days, however it does not define the term. Please provide a definition of the term "service or meter reading" lag and explain why it is such a large component of the lead lag study.
- AG-15-2 Identify on a class by class basis, the frequency in which Bay State reads its customer's meters.
- AG-15-3 Identify the frequency in which the Company inspects and replaces its customer's meters. Provide all relevant Company policies and procedures related to the inspection and replacement of customer meters.
- AG-15-4 Identify the following:
- a. the number of Metscan meter reading devices in use and associated impact these devices have on calculating the billing lag and/or meter reading lag.
 - b. the number of itron meter reading devices in use and the associated impact these devices have on calculating the billing lag and/or meter reading lag.
 - c. the overall impact that the change from Metscan to itron technology will have on the billing service lag.
- AG-15-5 The Company states that the revenue lag calculated for O&M working capital is different from purchased gas working capital because it includes activities related to Energy Products and Services and rental income. Please explain the cause of

the slightly greater lag in receipt of payment for such services. Identify where this increase in lag is calculated and then applied within the workpapers filed in this case.

- AG -15-6 The Company states that the O&M expense lead periods were different from purchased gas working capital because they are determined as between Bay State and the various vendors of goods and services. How often is Bay State billed for these goods and services? Provide a chart that depicts the inflow and outflow of money on a monthly basis associated with these goods and services.
- AG-15-7 Please provide all work papers, calculations and assumptions used by the Company to calculate throughput and number of customers for use as an explanatory variable in its regression analysis. Explain the difference between the number of customers identified on Schedule JLH-3-6 pages 1 of 5 and 3 of 5 (283,032), as compared to Schedule JLH -3-6 pages 2 of 5 and 4 of 5 (282,983).
- AG-15-8 In the Company's last rate case, D.P.U. 92-111 (1992), Bay State calculated its health care expense by multiplying health care costs by 70.30% to estimate O&M expense that is recoverable as known and measurable test year adjustment. D.P.U. 92-111, p. 104, fn 35. In this case, Bay State is using a factor of 75.64%. Please provide back up calculations and assumptions as necessary to explain the difference in these factors.
- AG-15-9 Regarding MDTE No. 63, section 9.3, please explain whether or not the cost of Metscan replacement meters is included in this calculation.
- AG-15-10 Regarding MDTE No. 35, section 5.1, please provide the corresponding customer service policy and procedures.
- AG-15-11 Regarding MDTE No. 65 (Interruptible Transportation Agreement), identify the type meter reading device customers will be required to use under this agreement. Explain how the costs for the plant and equipment is recorded on the Company's books and whether this is net of customer contribution.
- AG-15-12 For the years 2005 (to date), 2004, 2003, 2002, 2001 and 2000, please provide the following information regarding the Company's sales promotional expenses:
- (a) the annual level of the Company's sales promotion expenses;
 - (b) the amount of expenses recovered through rates; and
 - (c) detailed list of the promotional expenses by type--including but not limited to expenses spent on print advertising, TV advertising, radio advertising, contractor incentives, rebates and/or equipment

giveaways.

- AG-15-13 Please indicate the anticipated level of the Company's sales promotional expense for this year.
- (a) please indicate the amount of sales promotional expense for which the Company is seeking DTE approval to recover through rates; and
 - (b) please indicate whether and how the level of promotional expenses will be adjusted from year to year under the Company's proposed filing.
- AG-15-14 Refer to Exhibit BSG-SHB-1, p. 2-53. Please provide a fully allocated embedded cost of service for each of the Company's EPS lines of business (including but not limited to water heater sales and rental business and the Guardian Care business). The cost of service must allocate all costs including O&M, advertising, customer service and accounting, depreciation, taxes, wages, salaries, benefits, other overheads and provide the test year earned return on the line of business' rate base. Rate base must include, but is not limited to, all equipment in stock and leased to customers, an allocation of office, garage and storage space, cash working capital allowance. Provide all workpapers, calculations and assumptions as working spreadsheet models. The supporting documentation must include the derivation of all allocation factors. For each EPS line of business, indicate whether the costs and revenues are "above the line" or "below the line" and provide citations to Department orders authorizing this treatment.
- AG-15-15 Please provide the revenue generated from each EPS line of business for the years 1999-2004. Include supporting documentation, including the number of sales by type and the number of rental contracts by type, number of installations performed by type, and the number of service contracts by type. Provide the corresponding revenue for each of these categories (the sum of the revenue detail by category should equal the annual revenues).
- AG-15-16 Please provide bill impact analyses that incorporate the Company's proposed changes to all rate elements that a proposed to go into effect December 1, 2005. These impacts should include the most recent peak and off-peak CGAs and compare to the proposed the two load factor based CGAs proposed (based on the same data used to determine the most recent peak and off peak CGAs). The CGA components for the proposed rates should incorporate the proposed production and storage components, the proposed bad debt factor and other elements that will be set in the base rate case. LDAC rates should incorporate the elimination of the lost revenue charges, the addition of the proposed Pension/PBOB factor--other, unaffected LDAC elements should be those included in the most recent peak and

off peak LDAC rates. Please provide all supporting calculations, workpapers and assumptions. Include a working spreadsheet model(s) supporting the response.

- AG-15-17 Refer to the Company's response to DTE 4-1. Please explain, in detail, the changes to the Company's accounting for costs and changes to the recovery of costs through the CGA and LDAC that are the basis for the netting out of LDAC tracker costs that is discussed in the response. Provide copies of all Department orders authorizing the changes.
- AG-15-18 Refer to the Company's response to DTE 4-1. For each year included in Mr. Kaufman's "cost trend analysis," provide the amount of the costs that were subject to the netting, both the base and the amount of the netting adjustment. Provide the data by account number (down to the lowest level of sub account). Include a reconciliation of the data with the Company's Annual Return to the Department with copies of the relevant pages of the Returns.
- AG-15-19 Please provide all reports and supporting documentation related to the Company's most recent audit of its conservation and load management/DSM programs' costs. If the audit was not performed by an independent third party, provide the resumes of the individuals conducting the audit and describe the audit review process. If the Company's conservation and load management programs have not been audited in the past five years, when will the next audit occur? If there is no scheduled date, under what conditions will the next audit occur?
- AG-15-20 Please provide all reports and supporting documentation related to the Company's most recent audit of the gas supply, transmission and storage costs. If the audit was not performed by an independent third party, provide the resumes of the individuals conducting the audit and describe the audit review process. If the Company's GAF costs have not been audited in the past five years, when will the next audit occur? If there is no scheduled date, under what conditions will the next audit occur?
- AG-15-21 Please provide all reports and supporting documentation related to the Company's most recent audit of remediation costs. If the audit was not performed by an independent third party, provide the resumes of the individuals conducting the audit and describe the audit review process. If the Company's remediation costs have not been audited in the past five years, when will the next audit occur? If there is no scheduled date, under what conditions will the next audit occur?

Date: June 8, 2005